on Computations from System Statistics

	1,400.00	100%
	0.00	0%
	1,400.00	100%
d per Plan Mile)	33.6	
y Cable	47,000	
	29,000	
Homes Passed	61.7%	
Subscriber per Month	$27.12	
rgin	40.6%	

or Construction and Revenue Calculations

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
d (assumes 2 crews @ 20 miles/month)										
ded Per Year	480	480	440	0	0	0	0	0	0	0
ve Mileage	480	960	1400	1400	1400	1400	1400	1400	1400	1400
ur (assumes current density)	16,114	16,114	14,771	0	0	0	0	0	0	0
es Passed	16,114	32,229	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
	0	1,657	6,629	15,439	23,449	28,089	29,000	29,000	29,000	29,000
	1,657	6,629	15,439	23,449	28,089	29,000	29,000	29,000	29,000	29,000
	829	4,143	11,034	19,444	25,769	28,544	29,000	29,000	29,000	29,000
Penetration	0.0%	10.3%	20.6%	32.8%	49.9%	59.8%	61.7%	61.7%	61.7%	61.7%
netration	10.3%	20.6%	32.8%	49.9%	59.8%	61.7%	61.7%	61.7%	61.7%	61.7%
enetration	5.1%	15.4%	26.7%	41.4%	54.8%	60.7%	61.7%	61.7%	61.7%	61.7%
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
struction Costs (pre-1980 = estimates) *	0.7606	0.7722	0.7839	0.7958	0.8080	0.8203	0.8429	0.8625	0.8800	0.8964
Annual Average) **	7.9%	6.8%	6.8%	9.1%	12.7%	15.3%	18.9%	14.9%	10.8%	12.0%
3 = 1.0000) ***	0.2047	0.2116	0.2452	0.2748	0.3117	0.3634	0.4243	0.4896	0.5443	0.5905

uisition Year	0.9040
n Year	8.4%
actor (i.e., Acquisition Year)	0.6640

* Source: Producer Price Index and Commodity Code Index – See Page G
** Source: International Financial Statistics, 1991 Yearbook and August 1993.
*** Source: Calculated using data included in Paul Kagan's 1992 Cable TV Financial Databook – See Pages J1 & J2.

&F

PAGE B-2

n Computations from System Statistics

d per Plan Mile)

y Cable

lomes Passed

ubscriber per Month
gin

r Construction and Revenue Calculations

d (assumes 2 crews @ 20 miles/month)
ded Per Year
ve Mileage

r (assumes current density)
es Passed

Penetration
netration
enetration

	1985	1986	1987	1988	1989	1990	1991	1992	1993
struction Costs (pre-1980 = estimates) *	0.9049	0.9040	0.9538	0.9764	0.9891	0.9683	0.9737	0.9942	1.0000
Annual Average) **	9.9%	8.4%	8.2%	9.3%	10.9%	10.0%	8.5%	6.3%	6.0%
3 = 1.0000) ***	0.6282	0.6640	0.7121	0.7668	0.8230	0.8818	0.9205	0.9653	1.0000

l:
uisition Year
n Year
actor (i.e., Acquisition Year)

* Source: Producer Price Index and Commodity Code Index – See Page G
** Source: International Financial Statistics, 1991 Yearbook and August 1993.
*** Source: Calculated using data included in Paul Kagan's 1992 Cable TV Financial Databook – See Pages J1 & J2.

Developed by Hogan & Hartson and implemented by Arthur Andersen & Co.

n Cost Assumptions	Estimated Replacement Cost per Mile Today (by System Classification)			
	Large Urban	Suburban	Small Town Urban	Rura
Channel	$18,000	$15,000	$12,000	$10,000
ts	$540,000	$450,000	$360,000	$300,000
Mile	$20,000	$18,000	$15,000	$12,000
ost per Mile	$50,000	$25,000	$18,000	$15,000
and Inactive Subscriber Drop	$80	$75	$70	$65
Cost per Converter	$75	$80	$50	$40
ter Cost per Converter	$100	$103	$106	$110

ONTINUED

n Cost Assumptions

Channel ts	Estimate includes headend equipment and building, satellite dishes, towers, antennas, test equipment, studio equipment, and all other technical and non-technical equipment needed to operate the system
Mile ost per Mile	
and Inactive Subscriber Drop	
Cost per Converter ter Cost per Converter	

EPRODUCTION COST, NEW, DEPRECIATED, AT ACQUISITION

lations	Estimated Replacement Cost per Mile Today (by System Classification)			
	Large Urban	Suburban	Small Town Urban	Rural
Mile	$386	$321	$257	$214
nk & feeder):				
r Mile	$20,000	$18,000	$15,000	$12,000
Cost per Mile	$0	$0	$0	$0
t per Mile	$2,429	$2,277	$2,125	$1,973
ld Cost per Mile	$880	$800	$750	$704
	$23,695	$21,398	$18,132	$14,892

ction Cost If Built In 1993	$29,956,900
actor for Acquisition Year	0.9040
Reproduction Cost New at Acquisition	$27,081,932
	1966
n (Based on Current Average Age)	1965
ld at Acquisition	1.0
(Age at Acquisition/12)	8.3%
ion Cost New, Depreciated, at Acquisition:	
	$24,825,104
	$17,732

EPRODUCTION COST, NEW, DEPRECIATE. **PAGE D1**

lations

Mile	Where "/" = "divided by": Total headend costs / total plant miles
ink & feeder):	
r Mile	Where "x" = "multiplied by": Cost per aerial plant mile x aerial plant miles as % of total plant miles
Cost per Mile	Where "x" = "multiplied by": Cost per underground plant mile x underground plant miles as % of total plant miles
t per Mile	Where "x" = "multiplied by," "+" = "plus," & "–" = "less": Cost per drop x (density x penetration) + cost per drop x .75 x (density – (density x penetration))
ld Cost per Mile	Where "x" = "multiplied by," "/" = "divided by," "+" = "plus," & "–" = "less": If converter switch = n, then 0; otherwise, total subs x (% standard x cost of standards + % saddressable x cost of addressables) / total plant miles) Note: "converter switch" refers to response of "N" or "Y" included in System Inputs in answer to question designed to determine whether the system includes converters.
ction Cost if Built in 1993	If system type = 1, urban cost x total miles, if system type = 2, then suburban x total miles, If system type = 3, then small town urban x total miles, If system type = 4, then rural x total miles, otherwise 0
ictor for Acquisition Year	A lookup formula (@HLOOKUP) is referenced from the Trend Factor for Acquisition Year identified on Page B1. The program refers to the table organized by year (included on Pages B1 and B2), seeks the year which matches the input for the year of acquisition, and then retrieves the required entry for that year from a table containing the data for a number of years.
Reproduction Cost New at Acquisition	Where "x" = "multiplied by": Total Plant Reproduction Cost Today x Applicable Trend Factor
	From system input data
n (Based on Current Average Age)	Where "–" = "less": Current Year – Current Average Age of System Plant (from system input data)
ld at Acquisition	Where "–" = "less": Year of Acquisition – Year of Construction
(Age at Acquisition/12)	Where "/" = "divided by": Average Years Old at Acquisition / Depreciation Period of 12 Years
ion Cost New, Depreciated, at Acquisition:	Where "x" = "multiplied by" and "–" = "less": Trended Total Plant Reproduction Cost New at Acquisition x (1 – Depreciation Factor)

)ST & DEFERRED OPERATING LOSSES –
UP (LOSSES TO BREAK EVEN POINT)*

	YEAR 1986	YEAR 1987	YEAR 1988	YEAR 1989	YEAR 1990	YEAR 1991	YEAR 1992	YEAR 1993	YEAR 1994	YEAR 1995
ant	$8,511,464	$8,511,464	$7,802,176	$0	$0	$0	$0	$0	$0	$0
	$179,035	$980,050	$2,753,085	$5,207,413	$7,394,479	$8,550,279	$9,109,153	$9,437,000	$9,437,000	$9,437,000
	223,793	1,056,055	2,753,085	4,426,301	5,176,135	5,130,167	5,414,140	5,609,000	5,609,000	5,609,000
	(44,759)	(96,005)	0	781,112	2,218,344	3,420,112	3,695,013	3,828,000	3,828,000	3,828,000
	–25%	–10%	0%	15%	30%	40%	41%	41%	41%	41%
	714,445	1,433,168	0	0	0	0	0	0	0	0
Less Interest	(759,203)	(1,529,173)	0	781,112	2,218,344	3,420,112	3,695,013	3,828,000	3,828,000	3,828,000
	0	0	945,718	1,891,437	2,758,345	2,758,345	2,758,345	2,758,345	2,758,345	2,758,345
Less Interest & Depreciation	(759,203)	(1,529,173)	(945,718)	(1,110,325)	(540,001)	661,767	936,668	1,069,655	1,069,655	1,069,655
red Operating Losses:										
	44,759	96,005	0	0	0	0	0	0	0	0
and operating losses	714,445	1,433,168	0	0	0	0	0	0	0	0
erating Losses	759,203	1,529,173	0	0	0	0	0	0	0	0
ed Operating Losses	759,203	2,288,377	2,288,377	2,288,377	2,288,377	2,288,377	2,288,377	2,288,377	2,288,377	2,288,377
ed Operating Losses (until breakeven)	759,203	2,288,377	0	0	0	0	0	0	0	0
tive Deferred Operating Losses:	$2,288,377									
ulative deferred operating losses	0	0	254,264	254,264	254,264	254,264	254,264	254,264	254,264	254,264
ation of Deferred Operating Losses	0	0	254,264	508,528	762,792	1,017,056	1,271,320	1,525,584	1,779,848	2,034,113

plant construction & operating losses; included until the first year in which operating losses no longer occur.
n the first year in which operating income less interest deductions is no longer negative.
alculated on a straight–line basis for period represented by the difference between 12 years and the total number of years of negative operating income less interest deductions.

e/(Loss) Calculation:										
of New Plant	8,511,464	8,511,464	7,802,176	0	0	0	0	0	0	0
	44,759	96,005	0	(781,112)	(2,218,344)	(3,420,112)	(3,695,013)	(3,828,000)	(3,828,000)	(3,828,000)
truction & Operating Losses	8,556,223	8,607,469	7,802,176	(781,112)	(2,218,344)	(3,420,112)	(3,695,013)	(3,828,000)	(3,828,000)	(3,828,000)
ruction & Operating Losses	8,556,223	17,163,692	24,965,868	24,184,756	21,966,413	18,546,301	14,851,288	11,023,288	7,195,288	3,367,288
en and if applied to accumulated losses)	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%

ST & DEFERRED OPERATING LOSSES –
UP" (LOSSES TO BREAK EVEN POINT)

PAGE E1

For all of the following: "x" = "multiplied by," "/" = "divided by," "–" = "less," and "+" = "plus."

ant	For each year: miles to be added x trended cost per mile trended reproduction cost new, depreciated, at acquisition
	For each year: 12 months x average subs for each year x current average revenue per subscriber x revenue trend factor for the particular year under consideration. Assumes losses in years 1 & 2 (@ 25% and 10% of Revenues, respectively), breakeven in year 3, rising gradually to the level of the current margin (duration of rise to current margin dependant on magnitude of current margin). For each year: Revenues – Operating Expenses. For each year: Operating Income / by Revenues.
	For each year: if Operating Income is negative, then Cumulative Construction & Operating Losses x Interest Rate; otherwise, 0.
Less Interest	For each year: Operating Income – Interest.
	For each year: if Operating Income Less Interest is negative, then 0; otherwise, the amount of depreciation for the year is included (starting with the first year total included in the depreciation schedule shown on Page I).
Less Interest & Depreciation	For each year: Operating Income – Interest & Depreciation.
red Operating Losses:	
	For each year: if Operating Income is negative, then that amount is restated as a positive number; otherwise, 0.
and operating losses	For each year: restates Interest included above.
erating Losses	Sum of the two preceding lines.
ed Operating Losses	*For each year: accumulation to date of all Total Deferred Operating Losses.*
ed Operating Losses (until breakeven)	For each year: accumulation to date until year of breakeven of all Total Deferred Operating Losses; upon breakeven, 0.
tive Deferred Operating Losses:	
ulative deferred operating losses	For each year: if Operating Income Less Interest is negative, then 0; otherwise, Grand Total Cumulative Deferred Operating Losses / assumed depreciation period (as indicated on the depreciation schedule included on Page I)
ation of Deferred Operating Losses	For each year: accumulation to date of all Amortization of Deferred Operating Losses
plant construction & operating losses; included in the first year in which operating income less ir alculated on a straight–line basis for period repr	
e/(Loss) Calculation:	
of New Plant	Restated from Assumptions.
	Restated from above x (–1); positive numbers represent negative Operating Income (i.e., losses) & negative numbers represent positive Operating Income.
truction & Operating Losses	Sum of the two preceding lines.
uction & Operating Losses	For each year: accumulation to date of all annual Construction Costs and Operating Losses
en and if applied to accumulated losses)	Assumption indicated on Page B1.

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
oduction	8,511,464	17,022,929	24,825,104	24,825,104	24,825,104	24,825,104	24,825,104	24,825,104	24,825,104	24,825,104
on	0	0	945,718	2,837,155	5,565,500	8,353,845	11,112,190	13,870,534	16,628,879	19,387,224
e Reproduced Plant	8,511,464	17,022,929	23,879,386	21,987,950	19,259,605	16,471,260	13,712,915	10,954,570	8,196,225	5,437,880

LCULATING THE RATE BASE:	
ed Plant in Current Year	$24,825,104
ion in Current Year	13,870,534
ed Reconstructed Plant in Current Year	$10,954,570
nt Year	$2,758,345
rred Losses in Current Year	$2,288,377
ion of Deferred Losses in Current Year	1,525,584
Losses in Current Year less Cumulative Amort.	$762,792
nt Year	254,264

PAGE F1

oduction	For each year: accumulation to date of all Plant Reproduction.
on	For each year: accumulation to date of all Depreciation.
ve Reproduced Plant	For each year: Cumulative Plant Construction – Depreciation

LCULATING THE RATE BASE:

ed Plant in Current Year
tion in Current Year
ted Reconstructed Plant in Current Year

nt Year

erred Losses in Current Year
ion of Deferred Losses in Current Year
Losses in Current Year less Cumulative Amort

nt Year

'S
R PRICE INDEX & COMMODITY CODE INDEX

31-Aug-93

YEAR	Product Code #1 3863-241 INDEX	Product Code #2 3862-A41 INDEX	Computed Index A to Conform with Code #1 3863-241 & 3862-A41 COMPUTED INDEX A	Commodity Code #1 1026 INDEX	Commodity Code #2 117 INDEX	Combination #1+#2 50% 1026; 50% 117 COMPUTED INDEX B	Computed Index to Conform with Code #1 Computed Index A & Combo #1+#2 COMPUTED INDEX C	TREND	BASE YEAR
se a different category b/cs no cable category exists									
1993	102.70		102.70				102.70	1.0000	1991
1992	102.10		102.10				102.10	0.9942	1991
1991	100.00	107.60	100.00				100.00	0.9737	1985
1990		107.00	99.44				99.44	0.9683	1985
1989		109.30	101.58				101.58	0.9891	1985
1988		107.90	100.28				100.28	0.9764	1985
1987		105.40	97.96				97.96	0.9538	1985
1986		99.90	92.84				92.84	0.9040	1985
1985		100.00	92.94	203.2	253.4	226.3	92.84	0.9049	1985
1984				203.2	249.1	226.2	92.06	0.8964	N/A *
1983				205.2	238.8	222.0	90.37	0.8800	N/A *
1982		Index conversion:		203.7	231.5	217.6	88.56	0.8625	N/A *
1981		First year:		206.1	219.2	212.7	86.57	0.8429	N/A *
1980		(Index A yr to convert		212.3	201.6	207.0	84.25	0.8203	N/A *
1979		div by						0.8080	N/A **
1978		Index A prev yr $$)						0.7959	N/A **
1977		mult by						0.7839	N/A **
1976		Index B prev yr $$						0.7722	N/A **
1975		Example: (C295/c294)*b294						0.7606	N/A **

dices 1026 and 117 are averaged equally according to perience computing replacement cost for components of various systems and the % cable cost per mile of plant contained in them.
estimate' based trend @ 1980 & avg % change in Computed Index 3

1,992	-0.56%
1,991	-2.06%
1,990	-0.56%
1,989	2.15%
1,988	-1.26%
1,987	-2.32%
1,986	-5.22%
1,985	0.10%
1,984	-0.94%
1,983	-1.84%
1,982	-1.96%
1,981	-2.27%
1,980	-2.66%
Average % decrease	-1.50%
	98.5%

SUBSCRIBER ASSUMPTIONS

	Penetration Assumptions (Maturity in 3rd Year)	Subs added In Year 1	Subs added In Year 2	Subs added In Year 3	Subs added In Year 4	Subs added In Year 5	Subs added In Year 6	Subs added In Year 7	Subs added In Year 8	Subs added In Year 9	Subs added In Year 10	
y Cable in:												
	10.3%	1,657	1,657	1,519	0	0	0	0	0	0	0	4,833
	30.9%		4,971	4,971	4,557	0	0	0	0	0	0	14,500
	55.5%			8,949	8,948	8,203	0	0	0	0	0	26,100
	61.7%				9,943	9,943	9,114	0	0	0	0	29,000
	61.7%					9,943	9,943	9,114	0	0	0	29,000
	61.7%						9,943	9,943	9,114	0	0	29,000
	61.7%							9,943	9,943	9,114	0	29,000
	61.7%								9,943	9,943	9,114	29,000
	61.7%									9,943	9,943	19,886
	61.7%										9,943	9,943
of Year (Regardless of Year of Origin)		1,657	6,629	15,439	23,449	26,089	29,000	29,000	29,000	29,000	29,000	

SUMPTIONS

ile: year Maximum Period		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Depreciation Period Assumed * :	9										
For Plant Added in Year #:											
	1	945,718	945,718	945,718	945,718	945,718	945,718	945,718	945,718	945,718	0
	2		945,718	945,718	945,718	945,718	945,718	945,718	945,718	945,718	945,718
	3			866,908	866,908	866,908	866,908	866,908	866,908	866,908	866,908
	4				0	0	0	0	0	0	0
	5					0	0	0	0	0	0
	6						0	0	0	0	0
	7							0	0	0	0
	8								0	0	0
	9									0	0
	10										0
iation Per Year		945,718	1,891,437	2,758,345	2,758,345	2,758,345	2,758,345	2,758,345	2,758,345	2,758,345	1,812,627

determine whether or not Operating Income Less Interest is 0 or positive. If that occurs in Year 1, the depreciation period is 12. One year is subsctracted from the full 12 year–period for each year after Year 1 unti
erating Income Less Interest becomes 0 or positive in Year 3, the the depreciation period is: 12 – 3 = 9 years.

EVENUE FACTORS	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
	804	933	1,199	1,476	1,874	2,549	3,656	4,984	6,424	7,774	8,938
	9.80	11.00	12.20	13.40	15.00	17.50	21.50	25.40	29.45	32.85	35.50
	6.84	7.07	8.19	9.18	10.41	12.14	14.17	16.35	18.18	19.72	20.98
93 = 1.000)	0.2047	0.2116	0.2452	0.2748	0.3117	0.3634	0.4243	0.4896	0.5443	0.5905	0.6282

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	0	1	2	3	4	5	6	7	8	9	10

EVENUE FACTORS	1986	1987	1988	1989	1990	1991	1992	1993
	10,166	11,759	13,583	15,688	17,855	19,804	21,471	22,873
	38.20	41.20	44.20	47.50	50.52	53.68	55.50	57.07
	22.18	23.78	25.61	27.49	29.45	30.74	32.24	33.40
93 = 1.000)	0.6640	0.7121	0.7668	0.8230	0.8818	0.9205	0.9653	1.0000

BLE TV FINANCIAL DATABOOK, JUNE 1992, Pe

	DES printer Use if Letter-size	DES printer Use if Legal-size
\Q :PCP1I50LQQ	:PCP1I50LQQ	:PCP1I50LQQ
:PLP6CM64~QQ	:PLP1CM52~QQ	:PLP6CM64~QQ
:PLBCLQQQ		
:PRCR6PAGE0~G		
:PRCR6PAGEA~G		
:PRCR6PAGEB1~G		
:PLBLBORDERB2~QQQ		
:PRCR6PAGEB2~G		
:PLBCLQQQ		
:PRCR6PAGEC~G		
:PLBLBORDERC1~QQQ		
:PRCR6PAGEC1~G		
:PLBCLQQQ		
:PRCR6PAGED~G		
:PLBLBORDERD1~QQQ		
:PRCR6PAGED1~G		
:PLBCLQQQ		
:PRCR6PAGEE~G		
:PLBLBORDERE1~QQQ		
:PRCR6PAGEE1~G		
:PLBCLQQQ		
:PRCR6PAGEF~G		
:PLBLBORDERF1~QQQ		
:PRCR6PAGEF1~G		
:PLBCLQQQ		
:PRCR6PAGEG~G		
:PRCR6PAGEH~G		
:PRCR6PAGEI~G		
:PRCR6PAGEJ1~G		
:PLBLBORDERJ2~QQQ		
:PRCR6PAGEJ2~G		
:PLBCLQQQ		
:PRCR6PAGEK~G		